



# Australian Bureau of Statistics

## 1351.0.55.010 - Research Paper: Quality-adjusted Labour Inputs, Nov 2005

Latest ISSUE Released at 11:30 AM (CANBERRA TIME) 17/11/2005

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## Summary

### About this Release

#### ABOUT THIS RELEASE

The measurement of labour inputs is an important consideration in the calculation of labour or multifactor productivity. This paper applies the Labour Composition Model (LCM) - first proposed by the U.S. Bureau of Labour Statistics - to improve the measurement of labour inputs in Australia. Previous Australian measures have assumed that labour is a homogeneous input. The LCM is used to take account of two important aspects of labour "quality" - education and work experience - in the construction of experimental estimates of Quality-adjusted Labour Inputs (QALI). The QALI estimates may then be used to compute experimental estimates of labour and multifactor productivity.

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